IFRS – Reminder concerning new IFRS with respect to revenue, financial instruments and leases

1. Purpose

This notice serves as a reminder of certain accounting standards and regulatory provisions relating to the forthcoming implementation of new international financial reporting standards ("IFRS") with respect to revenue,[1] financial instruments[2] and leases.[3] This reminder is intended for reporting issuers that are subject to the *Securities Act*, CQLR, c. V-1.1, and apply IFRS (hereinafter, the "companies").

2. Accounting standards

IAS 8, *Accounting policies, changes in accounting estimates and errors* ("IAS 8")

Under paragraphs 30 and 31 of IAS 8, where a company has not applied a new IFRS that has been issued but is not yet effective, it must disclose information related to this fact in its financial statements as well as known or reasonably estimable information relevant to assessing the possible impact that application of the new IFRS will have on the company's financial statements in the period of initial application.

In complying with this requirement, the company must consider disclosing:

a) the title of the new IFRS;
b) the nature of the impending change or changes in accounting policy;
c) the date by which application of the IFRS is required;
d) the date as at which the company plans to apply the IFRS initially;
e) and:
    (i) either a discussion of the impact that initial application of the IFRS is expected to have on the company's financial statements;
    (ii) or if that impact is not known or reasonably estimable, a statement to that effect.

3. Regulatory requirements relating to MD&As

Form 51-102F1, *Management's Discussion & Analysis* of Regulation 51-102 respecting Continuous Disclosure Obligations, CQLR, c. V-1.1, r. 24, ("Form 51-102F1")

Under section 1.13, *Changes in Accounting Policies including Initial Adoption* of Form 51-102F1, a company's MD&A must discuss and analyze any changes in its accounting policies.

For any accounting policies that the company has adopted or expects to adopt subsequent to the end of its most recently completed financial year, the company should, in particular:

i) describe the new standard, the date the company is required to adopt it and, if determined, the date it plans to adopt it;
ii) disclose the methods of adoption permitted by the accounting standard and the method it expects to use;
iii) discuss the expected effect on its financial statements, or if applicable, state that it cannot reasonably estimate the effect; and

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[1] IFRS 15, *Revenue from contracts with customers*
[2] IFRS 9, *Financial instruments*
[3] IFRS 16, *Leases*

iv) discuss the potential effect on its business, for example technical violations or default of debt covenants or changes in business practices.

4. Regulatory certification requirements

Form 52-109F1, *Certification of Annual Filings* and Form 52-109F2, *Certification of Interim Filings* of Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings, CQLR, c. V-1.1, r. 27 (respectively, "Form 52-109F1" and "Form 52-109F2")

Under paragraph 7 of Form 52-109F1 and paragraph 6 of Form 52-109F2, a company must disclose any change in its internal control over financial reporting ("ICFR") that has materially affected, or is reasonably likely to materially affect, the company's ICFR. Note that a material change in ICFR is not only intended to remediate a material weakness; it may also pertain to the implementation of material internal controls when applying new IFRS.

5. Next steps

The *Autorité des marchés financiers* (the "Authority") will continue to review company disclosures until the effective dates of the new IFRS. Specifically, the Authority will review the extent and quality of IFRS disclosures in MD&As and financial statements. In the course of these reviews, the Authority will contact companies that have not made sufficient disclosure and will require changes, if necessary.

6. Additional Information

Further information is available from:

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September 21, 2017